

Summary of major areas of underspending in DEQ's FY 2010 budget

Source: DEQ, January 26, 2011

NOTE: This is a partial list of major factors in response to Senator Brenden's request. It is not intended as a comprehensive list of underspending.

Permitting & Compliance Division

520,000	Personal Services above and beyond 7% vacancy savings, primarily in Subdivisions, Air Quality and Water Discharge programs
475,000	Contracts for MATL and MSTI transmission lines – For MATL, most of the contract expenses were incurred or accrued in FY 09. For MSTI, Northwestern Energy is paying the environmental consultant directly rather than through DEQ
280,000	Reclamation bond savings at Zortman-Landusky not needed because of contributions from BLM
790,000	Spending authority, for proceeds of Hard Rock bonds, that was not needed. Because of the difficulty in getting state special revenue spending authority during the interim, DEQ typically tries to estimate any possible bonding requirements, some of which don't materialize.
635,000	Air Quality fees. Positions kept vacant and work deferred, as discussed, to keep fees at previous year's level.
230,000	Water discharge fees not spent due to vacancies.
200,000	Subdivision fees not spent due to reduced number and size of applications.
125,000	Junk vehicle towing reimbursement not needed.
485,000	Public Water Supply budget not spent due to high turnover, as discussed.
340,000	Junk vehicle grants to counties not spent to be able to fully reimburse county programs at statutorily set caps for licensed vehicles. We have historically estimated a 1% growth in licensed vehicles into our spending authority for county contracts and we have not seen that growth for the past couple years.
225,000	Subdivision grants to counties not spent due to reduced number of applications.

Remediation Division

511,000	Federal funds for multiyear federal superfund site grants not spent because of the lag time associated with getting contracts in place when new multi-year grants are issued.
334,000	Federal LUST funds from tank cleanup for contracted services not spent because of the level of effort needed to manage the ARRA contracts. These federal grant monies are still available and we have negotiated extensions for grant expenditures with the feds.
141,000	Federal Abandoned Mine Lands (AML) program land purchases budget was not utilized because it was an artifact of the 2008 Base that we missed deleting in the 2009 base adjustments approved for FY2010. This is not being restored in DEQ's FY 2012-13 budget.
133,000	Federal Brownfields funds not spent. This is partly an artifact of meshing the grant being issued for the period October 1 to September 30 and summer funding declines as staff focus on project-specific field efforts. In addition, federal grants were less than anticipated so we could not use all of our spending authority.
72,000	Federal spending authority from BLM coordination on AML sites not spent because we changed to a cash draw procedure whereby BLM directly pays for its share of projects, rather than processing the funds through us. This is not being restored in DEQ's FY 2012-13 budget.
454,000	State EQPF spending was not utilized for contracted services because we overestimated how quickly responsible parties would complete and turn around work. Our base adjustment this biennium (DP4001) only replaces about \$340,000 of these funds based on current project status and our best estimate about schedules from responsible parties.

Planning Division

- 1,800,000 Due to ARRA we did not spend: recycled funds (state special revenue) under the wastewater and drinking water State Revolving Fund programs; State Building Energy Conservation Repayment funds; and EPA grant funds under the State Clean Diesel program.
- State Revolving Funds – Due to the short timelines associated with ARRA, all of the 62 SRF ARRA projects and the associated administrative efforts took precedence over base SRF projects and activities, therefore, the base (HB2) SRF funds were not spent as they normally would have been although total operating expenses increased. As an example,

for both SRF programs the total operating costs for FY08, FY09 and FY10 were approximately \$208,000, \$220,000 and \$300,000 respectively. However, due to ARRA, only \$156,000 in operating expenses were spent in FY10 for base-SRF while an additional \$144,000 of ARRA funds was spent that year. FY11 has seen normal levels of SRF activity return.

- State Building Energy Conservation Repayment funds – Did not spend HB2 authority for energy audits, software to track energy consumption on state buildings, or retro-commissioning. Many contracts went out for energy audits in FY 2009 in preparation for the construction season in FY 2010 and FY 2011. The focus for 2010 was on getting about \$22 million in ARRA projects started through the design and construction process.
- EPA Clean Diesel Program—did not spend for school bus retrofits and replacements in order to concentrate on a competitive process to award \$1.7 million in school bus replacements under ARRA. Work on the ARRA grant is complete and spending in FY 2011 is on track with 8 school busses replaced and 13 selected for retrofits. The Clean Diesel Program, also known as DERA, was just reauthorized by Congress for another five years, so appropriation will continue to be needed.

800,000 Unspent federal contract funds in the Wetlands and Nonpoint Source Pollution programs due to: including inclement weather not allowing the full water quality sampling suite originally planned and cash coming back after contract performance finished more efficiently than originally anticipated. A portion of this appropriation is needed to cover administrative appropriation for contracting with other State agencies. They cannot accrue this, so we have to ask for it each biennium.

120,000 Reduced operating because of vacancy savings.

400,000 Unused spending authority for competitive grants from the Department of Energy. DEQ requests these funds to cover competitive grant submittals to DOE. Also included here is money not spent on an existing DOE grant for energy technical assistance to schools. DEQ requested an amendment from DOE to extend the grant in order to focus on ARRA work. This grant will provide demonstrations of retro-commissioning on several schools in FY11 and FY12.